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December 11, 2009

VIA ELECTRONIC FILING

Charles L. A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Petition of South Carolina Electric & Gas Company for an Accounting Order to Adopt New Depreciation Rates Effective January 1, 2009
Docket No. 2009-496-E

Dear Mr. Terreni:

This is to acknowledge that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing and has no objection to the Petition of South Carolina Electric & Gas Company ("SCE&G" or "Company") for an accounting order to adopt new depreciation rates effective January 1, 2009. The Petition was filed in response to the findings of the Company's 2009 Depreciation Study. The results of the Depreciation Study show an annual decrease to the Company's depreciation expense of approximately \$11.9 million. This is based on electric and common plant balances as of December 31, 2008. The requested effective date of January 1, 2009 ensures the most accurate depreciation reserves going forward by aligning the effective date with the plant balances used in the Depreciation Study. The Company also requested that the Commission authorize the credit resulting from the application of the updated depreciation rates to calendar year 2009 activity be applied to reduce the Company's deferred fuel balance resulting from its electric generation operations. SCE&G further requests that beginning in January 2010 the Company be allowed to flow through the Company's operating income the results of the lower depreciation expense, which is standard treatment for such an item. The Company states that this request will not involve any change to SCE&G's rates or prices and the accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. ORS believes the accounting order will benefit both the consuming public and the Company.

Thank you for the opportunity to provide our comments in this matter.

Sincerely yours,

John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Deputy General Counsel, SC ORS
Shannon Bowyer Hudson, Attorney, SC ORS
K. Chad Burgess, Senior Counsel, SCE&G
Dr. James Spearman, Executive Assistant, PSCSC